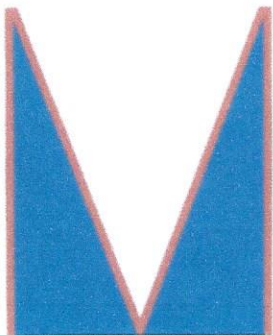


## City of Princeton

Independent Accountant's Examination Report  
on Applying Agreed-Upon Procedures  
For the Period  
August 1, 2013 Through July 31, 2014



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*"Managing Peoples' Business"*

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## Independent Accountant's Examination Report

To the Honorable Mayor  
And Members of City Council:

I have performed an examination of the City of Princeton pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Princeton for the period August 1, 2013 through July 31, 2014. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures performed are as summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances are properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal 2014 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10 and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed debt, including general obligation and revenue bonds and notes and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.



10. I reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.
11. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts, and compliance with the public purpose criteria established by Article II, Section 31 of the Constitution of the State of Iowa.
12. I reviewed transfers between funds for propriety, proper authorization and accurate accounting.
13. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
14. I reviewed the annual budget for proper authorization, certification, and timely amendment.
15. I reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements, and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
16. I reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
17. I reviewed recommendations as outlined by the City's most recent audit ending June 30, 2011, dated February 27, 2012.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an audit of the operations of the City of Princeton, the objective of which is the expression of opinions on financial statements. Accordingly, I do not express opinions on the City's financial statements. Had I performed additional procedures, or had I performed an audit of the City of Princeton, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Princeton and other parties to whom the City of Princeton may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the City of Princeton during the course of the examination. If you

have any questions concerning any of the above matters, I will be pleased to discuss them with you at your convenience.

A handwritten signature in blue ink, reading "Martin P. Brown CPA". The signature is stylized with a large, flowing "M" and "B".

Martin P Brown CPA  
Certified Public Accountant  
December 11, 2014

City of Princeton  
Detailed Recommendations  
For the period August 1, 2013 through July 31, 2014

(A) Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties which are incompatible. Generally, no one individual should have control over each of the following areas for the City:

- (1) Cash: handling, recording and reconciling.
- (2) Receipts: opening mail, collecting, depositing, journalizing, reconciling and posting.
- (3) Disbursements: purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (4) Payroll: recordkeeping, preparation and distribution.
- (5) Utilities: billing, collecting, depositing and posting.
- (6) Financial Reporting: preparing and reconciling.
- (7) Journal Entries: preparing and journalizing.

Based on procedures performed, it is noted both the City Clerk and the Deputy Clerk have access to the following:

- (1) Deposit tickets, including taking deposits to the bank.
- (2) Receipt books, and the ability to collect receipts.
- (3) Check stock, and the mailing of checks, though the Deputy Clerk cannot sign checks.
- (4) Distribution of payroll checks.

Recommendation: Segregation of duties is difficult with a limited number of employees. However, the City should periodically review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The independent review procedures set up by the City, including reviews of reports by the Mayor and City Council, should be monitored to ensure continued compliance.

City of Princeton  
Detailed Recommendations  
For the period August 1, 2013 through July 31, 2014

- (B) Long Term Debt: Long term debt as reported on the Annual Financial Report ending June 30, 2014 did not reconcile with long term debt carried by the City as of that date. The City's response is this was due to a subtraction error on the Annual Financial Report long term debt page, which does not tie in to any other balances on the report.

Recommendation: Long term debt balances should be reconciled to ensure proper accounting for the City's debt, and to ensure accurate reporting. Per discussion with the City, the recommendation is accepted.

City of Princeton  
Detailed Recommendations  
For the period August 1, 2013 through July 31, 2014

The City of Princeton was incorporated in 1860 and in 2010 had a population of 886. It is located in Scott County.

Officials as of report date:

<u>Name:</u>	<u>Title:</u>	<u>Term Expires:</u>
Keith Youngers	Mayor	1/1/2016
Brian Carter	Councilmember	1/1/2016
Liz Bosworth	Councilmember	1/1/2018
Karen Woomert	Councilmember	1/1/2018
Ann Geiger	Councilmember	1/1/2016
Kevin Kernan	Councilmember	1/1/2016
AJ Grunder	City Clerk	Indefinite
Patty Morgan	Deputy Clerk	Indefinite

This examination was performed by Martin P Brown, Certified Public Accountant, of the firm Martin P Brown CPA



Martin P Brown CPA